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VIA OVERNIGHT DELIVERY

December 3, 2004

Mr. Ken Blodgett
Section of Environmental Analysis
Surface Transportation Board
1925 K Street, N.W., Suite 500
Washington, DC 20423

Re: STB Finance Docket No. 30186 (Sub-No. 3)
Tongue River Railroad Company, Inc. – Construction and Operation –
Western Alignment

Dear Mr. Blodgett:

Attached for your consideration in the above-referenced docket are BNSF's Comments on the STB's Supplemental DEIS.

Thank you for your consideration.

Sincerely,

Sarah Whitley Bailiff

/srs

Attachment

cc: Tom Kraemer, BNSF
David Coburn, Steptoe & Johnson

**BNSF COMMENTS ON
DRAFT SUPPLEMENTAL IMPACT STATEMENT**

**STB Finance Docket No. 30186 (Sub-No. 3)
Tongue River Railroad Company, Inc. – Construction and Operation –
Western Alignment**

Tongue River III – Rosebud and Big Horn Counties MT

Pursuant to the request of the Section of Environmental Analysis for comments on its Draft Supplemental Environmental Impact Statement (DSEIS) served October 15, 2004, The Burlington Northern and Santa Fe Railway (BNSF) herewith submits comments in support of the Tongue River project and specifically in support of the Western Alignment alternative.

The routes under study ultimately will connect with the BNSF system. Additionally, BNSF has anticipated the possibility of operating the newly constructed line if BNSF and Tongue River reach agreement on a long term operating agreement. No agreement has been reached to date, although BNSF remains in communication with Tongue River as the regulatory approval process progresses. Whether BNSF ultimately operates the line or connects with another operator of the new line, BNSF and its customer stakeholders have an interest in implementation of the most efficient route. For this project, the goals of more favorable economics and operating and engineering efficiencies fortunately coincide with the goals of implementing an environmentally preferable route. BNSF submits that the Western Alignment is the obvious choice.

BNSF concurs in SEA's findings of no significant environmental impacts which would not be adequately mitigated. BNSF submits that the Western Alignment Alternative is the superior route for this project due, in large measure to the difference in grades and fuel efficiencies between the Four Mile Creek and Western Alignment alternatives. The steeper grades of the Four Mile Creek alignment coupled with the nature of heavy haul unit train operations would require significantly more maintenance and resulting interference with train operations. The increased cost of maintaining is no small matter. The severe grades of the Four Mile Creek Alternative are estimated to result in maintenance costs which are ten times higher than the Western Alignment. In addition to maintenance issues, the fuel efficiency gains resulting from a combination of a shorter route and more favorable grades make the Western Alignment the preferable alternative from an operating and environmental perspective. Ultimately, the purpose and need for the project are better served with implementation of the most efficient route – in this case the Western Alignment. The lower cost more efficient route would redound to the benefit of the markets to be served and ultimately the power consuming public.

As the Ashland area develops its extensive high quality coal reserves, domestic coal markets will benefit from enhanced coal choices and improved routing and reduced transit times over shipments from the Wyoming PRB and Spring Creek/Decker mines moving to Upper Midwest markets and beyond.

Additionally, BNSF's non-coal customers will indirectly benefit from the Tongue River line since the rerouting of overhead coal trains over the Tongue River route would substantially improve available line capacity over BNSF's route from Sheridan, Wyoming to Huntley, MT and on to Miles City, MT.

BNSF coal customers should also benefit from construction of the Tongue River route. New mine development will provide new compliance coal sources for customers in domestic markets, particularly in the Upper Midwest region of the country. In addition to increased coal options, for some of BNSF's customers, the Tongue River construction will result in shorter distances to market and substantial reduction unit train cycle times versus coal originating from the Wyoming PRB. Again, environmental goals of increased fuel efficiency and economic goals of enhanced efficiencies are jointly served by implementation of this new route. Industry trends indicate that the ability to operate heavy axle loads at the lowest cost is essential for competitive transportation service. Lower costs from more efficient routing benefit BNSF, our utility customers and partners, and in the long run, the power consuming public.

In conclusion, BNSF submits the Western Alignment is the superior route from an operating, economic and environmental standpoint. BNSF strongly supports the Tongue River project and recommends approval of the Western Alignment as the preferred route.